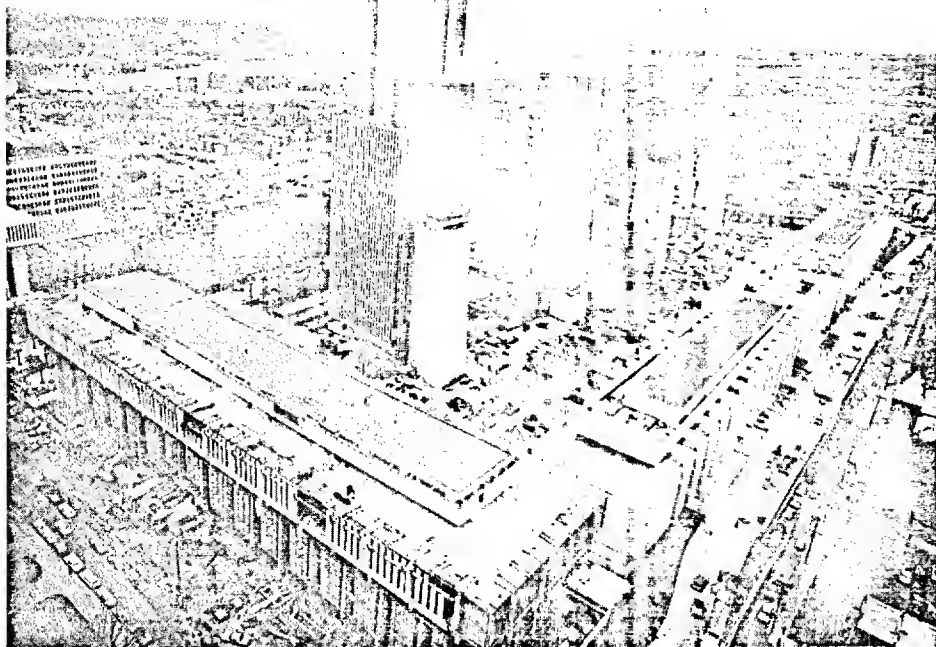


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Buildings in various stages of construction were scheduled for completion last year.

High prices and slow progress plague government complex

New York State's controversial 11-building legislative complex, the Albany South Mall, is five and a half years behind schedule after six years of construction and its estimated costs have jumped from \$380 million to something in the neighborhood of \$1 billion or more without finance charges.

Many explanations have been advanced for the situation, but they are all pretty well covered by a single sentence found in an audit report made recently by Arthur Levitt (D), state comptroller. He says, "Too much construction has been condensed into too short a time frame within too limited amount of space." He also points to the "monumental aesthetic nature of the construction" as greatly affecting the cost of buildings.

The South Mall project is being built by the state's Office of General Services (OGS) on a 98-acre tract in the heart of New York's capital city. The project consists of 11 structures ranging in height from five to 44 stories. It will provide 9.3 million sq ft of office, cultural, recreational and parking space in five office buildings, a courthouse, a cultural center that includes a museum and library, a quar-

ter-mile-long building that will house the state motor vehicle agency and a bowl-shaped meeting center.

The 11th building, the largest of the group, may not be immediately recognized as a building in conventional terms. This is the five-level main platform, 1,440 ft long and 500 ft wide, that extends almost the full length of the project and connects all the other buildings.

Actually 27 separate structures, the main platform provides a total of 4,160,900 sq ft of floor space—almost half the space in the entire project.

The platform's three lowest levels house mechanical and storage areas and provide space for 3,300 cars. The fourth level is a concourse containing state offices, a bus terminal, cafeterias, exhibit areas and shops. The top level, of nearly 1 million sq ft, will be a landscaped plaza of fountains, pools and walkways. This main platform will also form a tunnel through which a four-lane highway will pass.

More than 2.5 million cu yd of material, mainly blue clay, was excavated and tons of steel sheeting was needed to retain the walls. The structures are sup-

ported on 26,000 WF steel piles averaging 70 ft long.

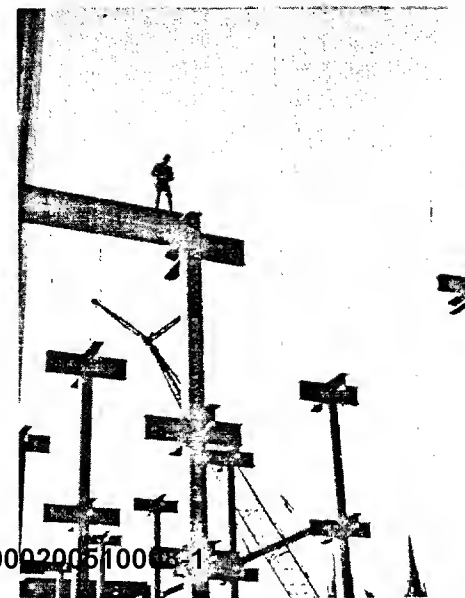
The project will require 720,000 cu yd of concrete incorporating 180 million lb of rebars of which 33.8 million lb are in the main platform foundation. Structural steel exceeds 177,000 tons. About 40,000 tons of marble will encase the buildings.

In the beginning. The mall was conceived in the early 1960s by Gov. Nelson A. Rockefeller (R) to serve two purposes: consolidation of state agencies and offices scattered throughout the city and a start towards the rebuilding of the inner city. Now, downtown Albany is relatively barren. Several large stores have left town. Entertainment is largely limited to bars, and buildings are in disrepair.

Except for two privately owned 20-story buildings, known as the Twin Towers, opposite the Capitol building, no major building has been erected in the downtown area since completion of the Alfred E. Smith State Office Building in 1928.

The mall was designed by six architect and engineering firms working under the overall direction of the New York City architectural firm of Harrison & Abramovitz. According to State Comptroller Levitt, the buildings were designed not only to provide office space but also for beauty.

Levitt's report specifically leaves the judgment of beauty attained to history, but it points out that the quality is expensive in terms of cost per usable square feet. For example, of the more than 9 million sq ft in the mall, only 34% of the total area (about 3.2 million sq ft) will be available for office and



Man, high in air, is at plaza level.

special use (laboratories, court rooms, meeting rooms). Storage and mechanical areas, cores and utilities. The areas will claim the remaining 66%.

As a result, the cost per usable square foot is \$128 in the 44-story office building, \$239 in the courthouse building, and \$206 in the four 24-story office buildings, according to Levitt.

Levitt's report says that by comparison, the square-foot cost of five office buildings in the state office complex in Albany, known as the State Campus, built between 1963 and 1966, ranged from \$35 to \$46 adjusted to 1970 dollars.

Higher cost of financing. Speed even affected the cost of financing the project. The state constitution requires that a referendum be held before capital bonds can be sold. Rockefeller knew this would take time and might well end in defeat, so he took another route, one that permits the state to acquire property under a lease-purchase agreement with the county.

It works this way: the state agrees to become an agent of the county for the purpose of building the mall, and the legislature appropriates the necessary funds to conduct operations (first instance funds). The county meanwhile sells bonds and, on a quarterly basis, reimburses the state for first instance expenditures. The state pays the county an annual rental equal to the principal and interest due on the bonds.

As of Dec. 31, 1970, the state had paid \$38,514,000 to the county for rental. (The city has already received \$1.18 million as compensation for lost tax revenues on the property taken over for the mall.)

The structure that appears to be defying gravity is one of four identical 20-story office buildings that typify the spirit of the Albany South Mall project.

Its projecting second floor is now 60 ft above grade, but will be only 18 ft above the plaza level when the main platform is completed.

The slab of the second floor is 6 ft thick and prestressed to cantilever from both the reinforced concrete core behind and the pedestal below.

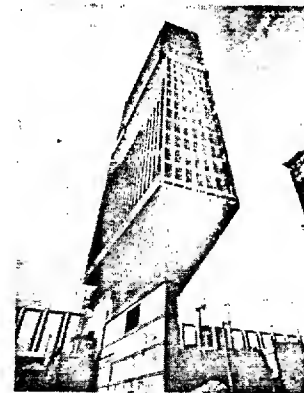
In plan, the structure is a trapezoid 125 ft long, 75 ft wide at the back and 40 ft wide at the front. The pedestal is only 28 ft long, 14 ft wide at the back and 6 ft wide at the front. The cantilever extends 40 ft at the front and a constant 20 ft at each side.

The structure has a nonrigid steel frame that carries only vertical loads while transmitting all horizontal forces

In addition, the state also makes supplemental payments to the county for its cooperation on the basis of percentage of the money borrowed. According to an audit report, payments could approach \$30 million.

When all debts are paid, the state will then take title to the mall. In addition, the report states that because the county has to pay higher interest rates on its bonds than would the state, interest costs will be about \$44 million higher, bringing total interest to about \$537 million.

The effect of the hurry-up program



Core supports high-rise.

to the core through floor diaphragms.

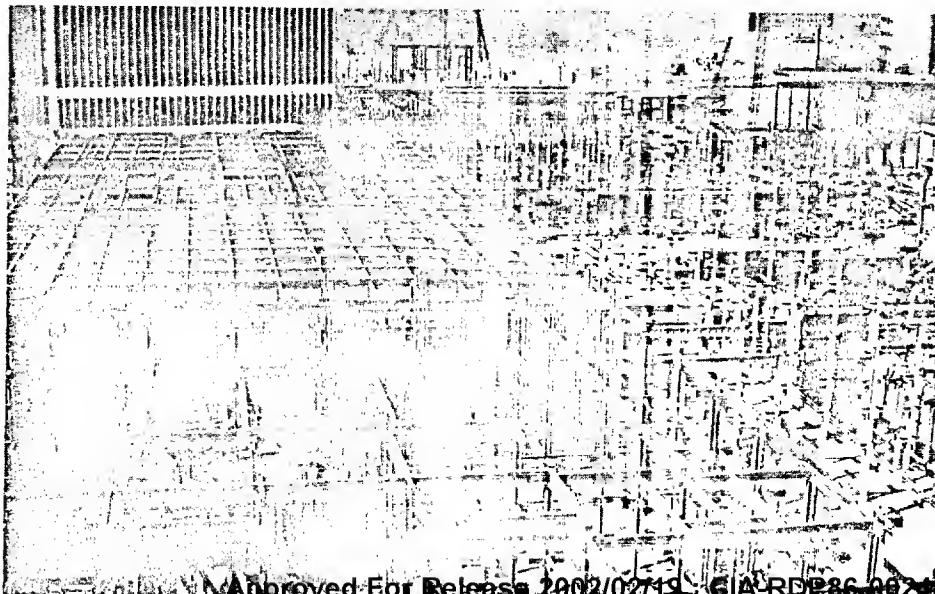
Like the other buildings in the mall, the agency buildings are faced with white marble. Ammann & Whitney, New York City, was the structural engineer. Harrison & Abramovitz, New York City, was the architect.

on construction prices is even more pronounced for several reasons. One is that the program created a shortage of bidders. Initially, competition was good, but by late 1966 awards had saturated the market. Subsequently, OGS found it necessary to award major contracts totaling \$217 million to single bidders or the lowest of two bidders whose bid and award prices exceeded estimates by a total of \$78 million.

Only one bid. The largest contract in the project, that for the main platform superstructure, was awarded to the only bidder, Walsh-Corbetta, a combine of Walsh Construction Co., and Corbetta Construction Co., both New York City. The price was \$97.8 million, against a 1964 estimate of \$76.4 million.

For the cultural center superstructure, a single bidder, South Mall Constructors, New York City, bid \$78.7 million, although the estimate was \$42.6-million. OGS negotiated the contractor down to \$64 million on a cost-plus-fixed-fee contract with an option to convert to a lump sum of \$74.6 million or \$76.2 million depending on the work done.

These two items are included in a five-point explanation of \$394 million of the \$450 million increase in costs from 1964 to 1971. The remaining \$56 million was not identified. The comptroller attributes \$394 million to these areas: \$78 million for low estimates, \$87 million for changes added, \$33 million to sole bidders whose prices ex-



Steel for main platform, largest structure in the mall, covers an area 1,440 ft x 500 ft.

ceeded state estimates, \$13 million for increased architectural fees, \$149 million for actual claims paid and estimated, and \$34 million for additional costs for the main platform foundation.

Of these items none has come in for so much criticism as the extras granted under an Equitable Adjustment Act (EAA) passed by the state legislature in 1969.

This act, which applies only to the South Mall project, grants the contractors redress against losses sustained when "the performance of all or any part of the work has been suspended, delayed or interrupted for any extraordinary and unreasonable period of time by an act or omission of the state not expressly or impliedly authorized by the contract." Simply stated, this means the state must assume some responsibility for delays in the work, for changes in the plans and for the extension of time required to get a job done.

Contractors helped. Contractors have been, and will probably continue to be, the major beneficiaries of the EAA.

Three major settlements already made under EAA represent about \$100 million over the original contracts. Fehlhaber-Horn, a joint venture of Fehlhaber Corp., New Rochelle, N. Y., and the Horn Construction Co., Merrick, N. Y., received \$27 million more than the \$37-million contract it won for construction of the foundation of the main platform. Moreover, it got that amount even though it left the job in April, with approval of the state, 7% short of completion.

Carlin-Atlas, a combine of P. J. Carlin Construction Co. and Atlas Tile & Marble Works, Inc., both of New Rochelle, will receive \$37.6 million on what was a contract of \$23.9 million for the superstructure of the agency buildings.

Walsh-Corbetta could receive up to \$149 million on a contract that started out at \$97.8 million for the main platform superstructure. The price includes a \$9.75-million fee that can be increased to as much as \$12 million if Walsh-Corbetta can cut the costs to \$126 million.

The management contract of George A. Fuller Co., New York City, which does not come under EAA, has also been adjusted to meet changing conditions.

Initially, the mall came under the jurisdiction of the State Department of Public Works (DPW). Before major work started, however, a reorganization of the DPW resulted in the project being turned over to OGS.

At the start of the job, OGS acted as a

general contractor for the state, but by 1966 the volume of work in progress reached proportions that called for more men than OGS had available.

Rather than expand its own forces, OGS hired Fuller to manage construction of the superstructures. The contract called for payment of \$5.25 million, \$1.5 million as a fee and the remaining \$3.75 million for expenses.

Until late 1968, there was, in effect, dual management of the job since OGS administered the foundation contracts. As the job bogged down, OGS decided that a single management source would be most efficient, so in December, 1968, Fuller took over complete responsibility for the administration and supervision of the entire project.

Fuller's fee was set at \$1.7 million and the allowance for reimbursable items set at \$6.8 million to Sept. 1, 1973.

Since then, Fuller's fee and allowances for reimbursable expenses has been changed several times to allow for time extensions and for increases in the scope of the work. (Once it was reduced at the insistence of the comptroller). Currently, Fuller's contract now runs to Dec. 31, 1975. So, under the existing contract, Fuller will receive \$4.4 million in fees for the period 1966 to 1975 and expense payments of up to \$20 million.

Levitt's report says that cost of construction supervision currently is estimated at \$26 million, which is 3.6% on a construction cost of \$715 million.

The Levitt report says the reasons for change are: unrealistic schedules for the start and completion of various phases



Lines of courthouse (center) contrast with those of Capitol (left).

of the work, extensive changes in the scope of the work, bidding and making awards in the face of incomplete designs, and lengthy delays caused by the lack of working space.

Much of the delay is attributed to the speed with which contracts were let. In November, 1965, officials said that the state intended to let all contracts for the mall before the end of 1966. Except for the superstructures contracts for the Legislative Building, the main platform and the Cultural Center, the goal was met.

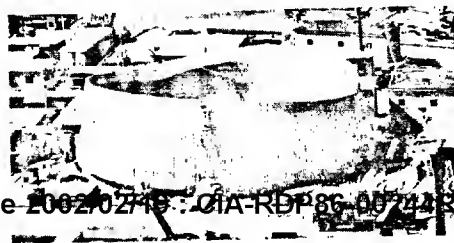
Too many people. As a result, by the middle of 1968 about 2,000 employees of 40 to 50 prime contractors and close to 200 subcontractors were competing for space and getting in each other's way in the process.

Hazardous conditions existed and often men on the ground refused to work under those erecting the superstructure. As a result, a considerable amount of work at ground level was done at night or on weekends at premium rates, and the sequence of the work had to be changed.

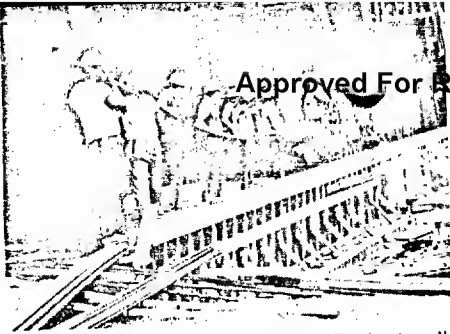
Levitt cited the premature letting of contracts before plans were completed as another source of delay. Plans for the main platform foundation were only half complete when bids were taken and contracts awarded. The contract, scheduled for a 1968 completion, is not yet finished and the contractor received a price adjustment partly on its claimed inability to realize the complexity of the job due to the lack of plans.

Levitt also said that the state failed to set up realistic starting and completion schedules. Delays in the main platform had what Levitt called a "ripple effect." It created ever increasing delays all down the line of subsequent scheduled starts.

Walsh-Corbetta was scheduled to start work on the main platform superstructure in April, 1968, but not until December, 1969, was there sufficient progress on the foundation to permit even a limited start. Subsequent delays



Air Intake has 68 ft dia. at base.



Long line of men set a rebar. Project calls for 180 million lb of reinforcing.

slowed progress so much that at the end of December, 1970, only 10% of the work was done. The original 1970 completion date has been moved to 1975.

Neither Levitt, Fuller nor the OGS hold the contractors blameless. All three refer to inadequate or ineffective supervision, inadequate labor force and lack of cooperation on the part of some contractors.

Contract cancelled. Last year, OGS cancelled the \$20.9-million tower superstructure contract of Foster-Lipkins Corp., Great Neck, N. Y., after a long series of complaints and countercomplaints resulted in a demand by the contractor for an additional payment of \$21.73 million under the EAA.

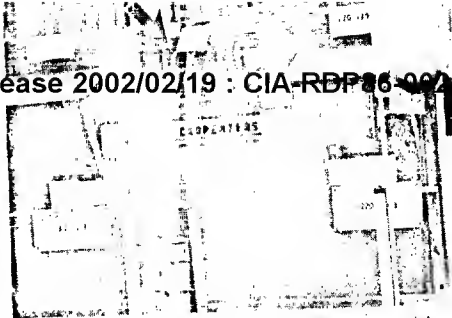
The job started on schedule in April, 1966, with completion planned for October, 1968. State records indicate that in October, 1968, work was only 54% completed. The core, scheduled for completion in September, 1967, was finished in October, 1968. Perimeter steel, scheduled for erection in 11 months, took 29 months. Now, officials say the frame will be completed by July of next year, but it will lack certain mechanical and electrical installations.

Throughout the entire course of the job the contractors claimed that faulty design called for many changes, and that the state's lack of coordination of the work denied them access to the site and delayed their activities.

The state denied any errors in design and charged that many of the changes were the result of poor workmanship. It also contends that the contractors made improper and inadequate use of their own men and those of the subcontractors and failed to cooperate in solving problems.

On July 8, 1970, the state terminated Foster's contract and turned to the contractor's sureties for satisfaction. The sureties in turn contracted for completion with Dic Concrete Corp., New York City. Foster Lipkins is now suing the state for \$18.2 million.

No one is happy about the EAA, but



Company rule that men pick up brass identity tags (arrow) nearly caused a strike.

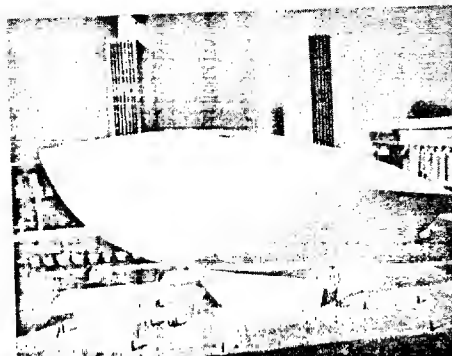
Fuller, OGS and Levitt say that without it, work on the mall probably would have stopped long ago.

Surprisingly, one critic of EAA is Paul Richards, managing director of the General Building Contractors, Inc., Albany, (the New York state building chapter of the Associated General Contractors of America).

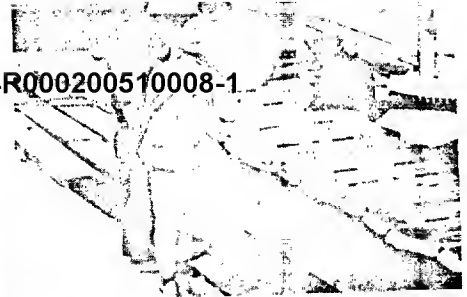
Richards vigorously opposed the legislative measure, contending that it could be "destructive of the principle of competitive bidding . . . would discourage contractor cost-consciousness . . . eliminate checks and balances on expenditure of public funds and would destroy collective bargaining by encouraging lack of concern with wage settlements."

Problems of labor. Richards' last point may be valid, but even before enactment of EAA, contractors were in a poor bargaining position with labor. The tremendous demand for workers apparently squelched fear of unemployment, so the project has been plagued by work stoppages.

One constant source of delays has been a jurisdictional dispute between members of the teamsters and the operating engineers union. Each side contends its workers should hold the nozzle on the hose used for refueling equipment. The argument flared when the project started in 1965 and still continues. The dispute caused more than 25 stoppages last year alone.



Egg will seat 1,500 people.



Extra long coffee breaks are but one labor practice condemned by contractors.

Frequently, just the mere threat of a strike forces a contractor to agree to labor's demands regardless of their merit or justification.

One example of this involved a so-called "Brass Strike." Each workman, as he enters the site in the morning, is supposed to pick up a brass tag, which he returns as he leaves. The tag identifies a man on the job and absence of the tag from the shanty shows that its owner is on the job.

Recently, the men decided that they would not pick up the tags, threatening to strike if the contractor insisted on the pickup system. The contractor compromised almost immediately. Now, each foreman picks up all the tags for the men in his crew.

Aside from outright strikes, some contractors claim lack of productivity is a big factor in the high cost and slow progress of the mall. Others admit to the lack of productivity, but say that it is no worse than many other areas in which they have worked.

Suggested cures. Several times Levitt and consultants have suggested that a "thinning out" of work at the mall would reduce problems and cut costs. OGS states that any savings resulting from deferring work would be more than lost through termination payments and the re-awarding of contracts at even more inflated costs.

Levitt does not agree. Furthermore, with the aim of preventing a recurrence of the mall's problems on future jobs, he makes several suggestions to the legislature. One is that funds for office building construction should be appropriated individually for each location and for each building within a project and that costs be fully examined and justified.

Another suggestion is that the legislature consider permanent legislation to cover problems of the type, which on the mall required special legislation. He specifically mentions equitable adjustments and the negotiation of single bids